

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION  
3:05CV216-MU

----- X  
In re: : Chapter 7  
: :  
RFS ECUSTA INC. and : Case Nos. 03-10358 (GRID)  
RFS US INC., : and 03-10360 (GRH)  
: :  
Debtors. : (Jointly Administered)  
: :  
----- X  
LANGDON M. COOPER, :  
Trustee In Bankruptcy for RFS ECUSTA INC. :  
AND RFS US INC., :  
: :  
Plaintiff, : Adv. Pro. No. 04-3069  
: :  
v. :  
: :  
P.H. GLATFELTER COMPANY; NORTH :  
CAROLINA INDUSTRIAL COMMISSION; :  
NORTH CAROLINA DEPARTMENT OF :  
INSURANCE; NORTH CAROLINA SELF- :  
INSURANCE SECURITY ASSOCIATION :  
(f/k/a NORTH CAROLINA SELF-INSURANCE :  
GUARANTY ASSOCIATION); JAMES :  
GOODSON; WACHOVIA BANK, N.A.; JOHN :  
DOE 1 through unknown and JANE DOE 1 :  
through unknown, :  
: :  
Defendants.

----- X  
**CONSENT ORDER DIRECTING NORTH CAROLINA DEPARTMENT  
OF INSURANCE TO PAY FUNDS TO LANGDON M. COOPER,  
AS CHAPTER 7 TRUSTEE, AND DIRECTING LANGDON M. COOPER  
TO FILE A NOTICE OF DISMISSAL**

WHEREAS, on 20 August 2001 RFS Ecusta Inc. deposited the sum of \$1.6 million (the "Deposit") with the North Carolina Department of Insurance (the "DOI") in the form of a certificate of deposit;

WHEREAS, RFS Ecusta, Inc. placed the Deposit with DOI to allegedly secure certain North Carolina workers' compensation liabilities incurred by P.H. Glatfelter Company ("Glatfelter") which were purportedly transferred to RFS Ecusta Inc. by Glatfelter;

WHEREAS, on 19 July 2005 the North Carolina Court of Appeals unanimously determined that Glatfelter could not under North Carolina law transfer its workers' compensation liabilities to RFS Ecusta, Inc.

WHEREAS, the North Carolina Court of Appeals held that "the certificate of deposit cannot be retained by DOI to 'insure' obligations that the Full Commission held could not be transferred by Glatfelter and remained the sole responsibility of Glatfelter."

WHEREAS, the North Carolina Supreme Court subsequently denied the Glatfelter Petition for Discretionary Review of the N.C. Court of Appeals decision;

WHEREAS, at a hearing on 1 December 2005 this Court considered whether to withdraw the reference in this Adversary Proceeding, but held its decision in abeyance pending a potential Consent Order that would result in the dismissal of the N.C. Defendants (defined below) and render moot the only objection to the withdrawal of reference. The parties consented that, upon the submission of a statutory deposit by Glatfelter, the DOI would pay the Funds (defined below) to Langdon M. Cooper, as Chapter 7 Trustee (the "Trustee") of the estates of RFS Ecusta Inc. and RFS US Inc. (together, the "Debtors"), to be held in an insured, interest bearing account or accounts pending further order of this Court;

WHEREAS, the DOI has provided the Trustee with an accounting with respect to the Deposit showing the history of the account from the date of inception through 30 September 2005, which states that as of 30 September 2005 the DOI was holding the sum of \$1,675,827.84 (which together with accrued interest to the closing of the account shall be called the "Funds");

WHEREAS, the N.C. Defendants, by consenting to this Order, acknowledge that the DOI shall release the Deposit as described herein and that they have no further claim, right, title, or interest in or to the Funds;

WHEREAS, P. H. Glatfelter Company and the Trustee each reserve their rights under the existing claims;

ACCORDINGLY, it is

ORDERED that the DOI shall pay the Funds to the Trustee within five (5) business days of entry of this Consent Order and also deliver to the Trustee the final Wachovia accounting of the Funds from 30 September 2005 to the closing of the account; and it is further


ORDERED that the Trustee shall deposit the Funds in one or more fully insured, interest bearing accounts and shall disburse the Funds only upon further order of this Court; and it is further

ORDERED that as soon as possible after receipt of the Funds the Trustee shall obtain a surety bond through the source required of Chapter 7 trustees by the office of the United States Bankruptcy Administrator of the Western District of North Carolina, and shall disburse the premiums therefor from the Funds as and when such premiums are due; and it is further

ORDERED that within five (5) business days of his receipt of the Funds and the final accounting on the Funds from Wachovia, the Trustee shall cause to be filed a Notice of Dismissal in this adversary proceeding dismissing with prejudice the defendants North Carolina

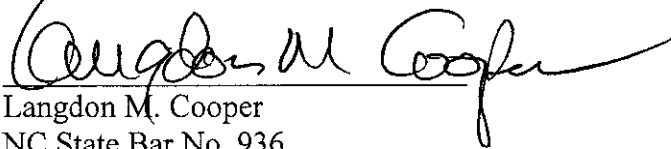
Industrial Commission; North Carolina Department Of Insurance; North Carolina Self-Insurance Security Association (f/k/a "North Carolina Self-Insurance Guaranty Association"); James Goodson (collectively, the "N.C. Defendants"); Wachovia Bank, N.A.; John Doe 1 Through Unknown and Jane Doe 1 Through Unknown.

This the 16th day of February, 2006.

  
GRAHAM C. MULLEN  
UNITED STATES DISTRICT JUDGE

CONSENTED TO BY THE PARTIES ON THE ATTACHED SHEETS:

MULLEN HOLLAND & COOPER P.A.  
Counsel to the Trustee

A handwritten signature in cursive script, appearing to read "Langdon M. Cooper", written over a horizontal line.

Langdon M. Cooper  
NC State Bar No. 936  
P.O. Box 488 (28053)  
301 South York Street  
Gastonia, North Carolina 28052

For the North Carolina Industrial Commission:



Robert T. Hargett  
Special Deputy Attorney General  
North Carolina Department of Justice  
P.O. Box 629  
Raleigh, N.C. 27602-0629  
State Bar No. 10669

N.C. DEPARTMENT OF INSURANCE

E. Clementine Peterson

E. Clementine Peterson

Assistant Attorney General

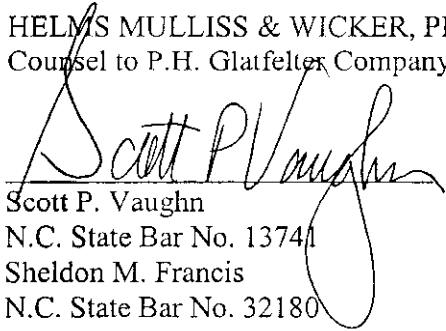
N.C. State Bar No. 14270

North Carolina Department of Insurance

104 Glenwood Ave., Suite 220

Raleigh, NC 27603

HELMS MULLISS & WICKER, PLLC  
Counsel to P.H. Glatfelter Company



Scott P. Vaughn

N.C. State Bar No. 13741

Sheldon M. Francis

N.C. State Bar No. 32180

201 North Tryon Street

P.O. Box 31247 (28231)

Charlotte, North Carolina 28202

Telephone: (704) 343-2000

Facsimile: (704) 343-2300



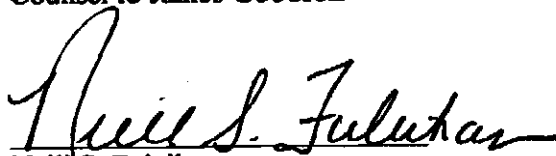
NORTH CAROLINA SELF-INSURANCE SECURITY ASSOCIATION

*Catherine R. Stuart*

---

Catherine R. Stuart  
N.C. State Bar No. 10193  
Stuart Law Firm, PLLC  
1033 Wade Avenue, Suite 202  
Raleigh, NC 27605-1155

NEILL S. FULEIHAN  
Counsel to James Goodson



Neill S. Fuleihan  
N.C. State Bar No. 13886  
P.O. Box 1056  
Brevard, NC 28712